

## SHARED REVENUE AND TAX RELIEF

Budget Summary by Funding Source					
	2010-11 Adjusted Base	Governor's Recommendation		Change Over Base Year Doubled	
		2011-12	2012-13	Amount	Percent
<b>Direct Aid Payments</b>					
Expenditure Restraint	\$58,145,700	\$58,145,700	\$58,145,700	\$0	0.0%
Shared Revenue	46,000,000	47,305,600	48,098,000	3,403,600	3.7
County and Municipal Aid	763,792,400	769,639,300	672,897,900	- 85,047,600	- 5.6
Public Utility Distribution	14,840,000	17,547,200	18,375,200	6,242,400	21.0
State Aid; Tax Exempt Property	76,700,000	81,074,000	84,556,500	12,230,500	8.0
Interest Payments on Overassessments of Manufacturing Property	10,000	10,000	10,000	0	0.0
Payments for Municipal Services	20,649,200	18,584,200	18,584,200	- 4,130,000	- 10.0
<b>Property Tax Credits</b>					
Homestead Tax Credit	127,000,000	132,400,000	133,400,000	11,800,000	4.6
Farmland Preservation Credit	400,000	800,000	600,000	600,000	75.0
Farmland Preservation Credit; 2010 and Beyond	27,007,200	27,007,200	27,007,200	0	0.0
School Levy Tax Credit and First Dollar Credit	877,550,000	882,550,000	882,550,000	10,000,000	0.6
<b>Other Credits</b>					
Claim of Right Credit	100,000	266,000	278,000	344,000	172.0
Jobs Tax Credit	0	0	9,000,000	9,000,000	N.A.
Woody Biomass Harvesting and Processing Credit	900,000	900,000	900,000	0	0.0
Meat Processing Facility Investment Credit	700,000	700,000	700,000	0	0.0
Food Processing Plant and Food Warehouse Investment Credit	1,200,000	700,000	700,000	- 1,000,000	- 41.7
Film Production Company Investment Credit	0	100,000	100,000	200,000	N.A.
Film Production Services Credit	500,000	400,000	400,000	- 200,000	- 20.0
Dairy Manufacturing Facility Investment Credit	657,100	657,100	657,100	0	0.0
Dairy Manufacturing Facility Investment Credit; Dairy Cooperatives	700,000	700,000	700,000	0	0.0
Enterprise Zone Jobs Credit	5,200,000	13,800,000	34,100,000	37,500,000	360.6
Veterans and Surviving Spouses Property Tax Credit	7,600,000	13,600,000	15,700,000	14,100,000	92.8
Beginning Farmer and Farm Asset Owner Tax Credit	0	860,500	1,200,000	2,060,500	N.A.
Cigarette and Tobacco Products Tax Refunds	43,000,000	47,500,000	50,000,000	11,500,000	13.4
Earned Income Tax Credit	<u>123,835,800</u>	<u>72,935,800</u>	<u>73,135,800</u>	<u>- 101,600,000</u>	<u>- 41.0</u>
GPR TOTAL	\$2,196,487,400	\$2,188,182,600	\$2,131,795,600	- \$72,996,600	- 1.7%
<b>Other Credits</b>					
Earned Income Tax Credit; Temporary Assistance for Needy Families	<u>\$6,664,200</u>	<u>\$43,664,200</u>	<u>\$43,664,200</u>	<u>\$74,000,000</u>	<u>555.2%</u>
PR TOTAL	\$6,664,200	\$43,664,200	\$43,664,200	\$74,000,000	555.2%
<b>Direct Aid Payments</b>					
County and Municipal Aid Account; Police and Fire Protection Fund	\$61,033,400	\$55,186,500	\$55,927,900	- \$10,952,400	- 9.0%
<b>Property Tax Credits</b>					
Lottery and Gaming Credit	117,957,000	117,478,300	118,870,400	434,700	0.2
School Levy Tax Credit; Lottery Fund	14,850,000	14,850,000	14,850,000	0	0.0
Lottery and Gaming Credit; Late Applications	<u>360,000</u>	<u>147,000</u>	<u>147,000</u>	<u>- 426,000</u>	<u>- 59.2</u>
SEG TOTAL	\$194,200,400	\$187,661,800	\$189,795,300	- \$10,943,700	- 2.8%
TOTAL	\$2,397,352,000	\$2,419,508,600	\$2,365,255,100	- \$9,940,300	- 0.2%

## Direct Aid Payments

### 1. COUNTY AND MUNICIPAL AID -- CURRENT LAW FUNDING REESTIMATE

GPR	\$10,952,400
SEG	<u>- 10,952,400</u>
Total	\$0

**Governor:** Reduce funding by \$5,846,900 SEG in 2011-12 and \$5,105,500 SEG in 2012-13 for the county and municipal aid program to reflect a reestimate of the police and fire protection fund appropriation for the program, and provide a corresponding increase of \$5,846,900 GPR in 2011-12 and \$5,105,500 GPR in 2012-13 from the county and municipal aid account of the general fund to offset this reduction. Under current law, the total amount distributed under the county and municipal aid program is established by statute. The funding for making the aid payments is provided from three sources: (a) \$5,000,000 annually from the medical assistance program to reimburse municipalities and counties for the provision of transportation for medical care by those local governments (which has the effect of reducing the aid payment for those local governments by an equal amount); (b) revenues generated by the police and fire protection fee (a \$0.75 monthly fee on retail wireless phone plans) that is deposited in the police and fire protection fund; and (c) a sum sufficient amount from the general fund (county and municipal aid account) to provide the balance of payments. This item reflects a reduction in the estimate of the police and fire protection fund revenues, to \$55,186,500 in 2011-12 and \$55,927,900 in 2012-13, which would have the effect of increasing the GPR appropriation from the county and municipal aid account to \$769,639,300 in 2011-12 and \$768,897,900 in 2012-13. A separate item, summarized below, would decrease the total distribution of aid payments under the program for 2012 by \$96,000,00, which would have the effect of reducing the GPR appropriation in 2012-13 by that amount.

### 2. COUNTY AND MUNICIPAL AID -- FUNDING REDUCTION

GPR	- \$96,000,000
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**Governor:** Reduce funding by \$96,000,000 in 2012-13 for making 2012 payments under the county and municipal aid program, a reduction of 11.6% relative to total 2011 payments. Specify that, of this amount, payments to municipalities (towns, villages, and cities) would be reduced by \$59,500,000 (an 8.8% reduction) and payments to counties would be reduced by \$36,500,000 (a 24.1% reduction). The formula for determining aid reductions for individual municipalities and counties is described in the following sections. Specify that aid payments to individual counties and municipalities in 2013 and thereafter would be equal to the amount each county and municipality received in 2012.

The intent of the provision was to make adjustments to the total 2011 aid payments to each county and municipality. As drafted, however, the aid reductions are calculated using the aid distribution from the county and municipal aid account of the general fund. However, total aid distributions are made from this account, as well as from other sources (the medical assistance program and the police and fire protection fund). In order to accurately reflect the administration's intent, the bill would need to be modified to specify that the total county and municipal aid payment from all sources is the basis for the reduction calculation.

## Municipal Aid Reduction Formula

For the purpose of determining aid reductions to individual municipalities, the bill would establish five tiers, based on the following population ranges: (a) less than 2,500; (b) equal to or greater than 2,500, but no greater than 10,000; (c) greater than 10,000, but no greater than 50,000; (d) greater than 50,000, but no greater than 110,000; and (e) greater than 110,000.

For each municipality, the aid reduction formula, with certain exceptions, consists of two components, one based upon population and the other based on equalized property value. The final aid adjustments are also constrained by a maximum reduction factor that limits the aid loss to the lesser of either 50% of the municipality's 2011 aid payment or an amount based on equalized property value. These three components of the formula are described below.

### *Population-Based Aid Reduction*

The population-based reduction factor is determined by multiplying population by a per capita formula constant and then multiplying the result by a coefficient index. The per capita formula constant is established at a level such that the total reduction from all municipalities equals \$59,500,000. Using 2010 equalized value and Census population data, that formula constant is approximately -\$9.58 per capita. The coefficient index ranges from 0 to 1, depending upon where an individual municipality's population falls within the population range of its tier. That is, for municipalities at the bottom of the range for their tier, the coefficient would approach 0, for those in the middle of the range, it would be around 0.5, and for those at the top of the range, it would approach 1. Consequently, the total population-based reduction (formula constant X coefficient index) will range from \$0 to -\$9.58 per capita. The exception to this formula is that the coefficient is 1 for all municipalities in the top tier (the cities of Madison and Milwaukee), so the aid reduction under this component for those municipalities would be -\$9.58 per capita.

The specific formula for determining the population reduction component is as follows:

[Municipal Population (P)] multiplied by [Formula Constant (-\$9.58)] multiplied by [Coefficient Index], where the Coefficient Index is established as follows:

<u>Population Tier</u>	<u>Coefficient Index</u>
< 2,500	$\frac{P}{2,500}$
2,500 to 10,000	$\frac{P - 2,500}{7,500}$
10,000 to 50,000	$\frac{P - 10,000}{40,000}$
50,000 to 110,000	$\frac{P - 50,000}{60,000}$
> 110,000	1

### *Property Value-Based Aid Reduction*

Under the property value-based aid reduction formula component, a mill rate reduction factor, which differs for each population tier, is multiplied by the municipality's equalized value. The resulting reduction is added to the population-based reduction component. For municipalities in the smallest population tier (population under 2,500), there is no property value-based reduction component (in effect, a mill rate reduction factor of \$0.00).

The specific formula for determining the property value-based aid reduction is as follows:

[Each \$1,000 of Equalized Value] multiplied by [Mill Rate Reduction Factor], where the Mill Rate Reduction Factor is established as follows:

<u>Population Tier</u>	<u>Mill Rate Reduction Factor</u>
< 2,500	\$0.00
2,500 to 10,000	-\$0.10
10,000 to 50,000	-\$0.15
50,000 to 110,000	-\$0.25
> 110,000	-\$0.30

### *Maximum Reduction Limits*

The aid reduction for each municipality is limited to the lesser of 50% of the municipality's 2011 county and municipal aid payment or a maximum property value-based aid reduction, which differs by tier.

The formula for determining the maximum aid reduction is as follows:

Lesser of: [50% of 2011 Aid Payment] or [(Each \$1,000 of Equalized Value) multiplied by (Maximum Reduction Mill Rate Factor)], where the Maximum Reduction Mill Rate Factor is established as follows:

<u>Population Tier</u>	<u>Maximum Reduction Mill Rate Factor</u>
< 2,500	-\$0.10
2,500 to 10,000	-\$0.15
10,000 to 50,000	-\$0.25
50,000 to 110,000	-\$0.30
> 110,000	-\$0.35

Although DOA indicates that the intention was to limit the aid payment reductions as shown in the previous formula, a drafting change may be advisable to clearly reflect this intent with respect to the aid reduction formula for the largest population tier.

## County Aid Reduction Formula

For each county, the aid payment reduction is calculated by multiplying a per capita formula constant by the county's population, subject to a maximum reduction provision. This reduction is subject to a maximum reduction factor, which is equal to the lesser of 50% of the county's 2011 county and municipal aid payment or -\$0.15 multiplied by each \$1,000 of the county's equalized value. The formula constant is established at a level such that the total reduction for all counties equals \$36,500,000. Based on 2010 Census population and equalized value data, the formula constant would be approximately -\$8.78 per capita.

[Bill Sections: 2188, 2190, 2191, 2193, and 2194]

### 3. STATE AID FOR TAX EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES -- SUM SUFFICIENT REESTIMATE

GPR	\$12,230,500
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**Governor:** Increase estimated payments by \$4,374,000 in 2011-12 and \$7,856,500 in 2012-13 to reflect: (a) changes in tax rates and the value of exempt computers, cash registers, and fax machines under current law provisions (\$4,374,000 in 2011-12 and \$10,296,000 in 2012-13) and (b) lower estimated property tax levels associated with the proposed local fiscal controls (-\$2,439,500 in 2012-13). No fiscal effect associated with the proposed local fiscal controls is reflected for 2011-12 because those aid payments will be based on tax levies for 2010(11), prior to the proposed local fiscal controls taking effect. With these adjustments, base level funding of \$76,700,000 would increase to \$81,074,000 in 2011-12 and \$84,556,500 in 2012-13.

### 4. PUBLIC UTILITY AID -- SUM SUFFICIENT ESTIMATES

GPR	\$9,646,000
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**Governor:** Increase estimated payments by \$1,305,600 in 2011-12 and \$2,098,000 in 2012-13 under the public utility aid component of the shared revenue program to reflect estimated changes in the value of utility-owned property eligible for state aid under the three and six mill distribution formula. Estimate total payments under this distribution at \$47,305,600 in 2011-12 and \$48,098,000 in 2012-13. Increase estimated payments by \$2,707,200 in 2011-12 and \$3,535,200 in 2012-13 under the public utility distribution account to reflect changes in the number and types of property eligible for aid under the capacity-based distribution formula for production plants that began operating after 2003. Estimate total payments under this distribution formula at \$17,547,200 in 2011-12 and \$18,375,200 in 2012-13.

### 5. PAYMENTS FOR MUNICIPAL SERVICES

GPR-Earned	- \$2,044,400
GPR	- \$4,130,000

**Governor:** Reduce funding by \$2,065,000 annually for the payments for municipal services program, from a base level of \$20,649,200 to \$18,584,200, which represents a 10% reduction. This program provides annual payments to reimburse municipalities for all or a portion of property tax supported expenses incurred in providing services to state facilities, which are exempt from property taxation.

Reduce estimated GPR-Earned through agency chargebacks under the program by \$1,022,200 annually, from \$10,399,000 to \$9,376,800, to reflect the reduced funding level for payments.

## 6. EXPENDITURE RESTRAINT PROGRAM BUDGET TEST

**Governor:** Modify the inflation factor under the expenditure restraint program's budget test by decreasing the factor's minimum value from 3% to 0%, effective with aid payments for 2013. The budget test is one of two criteria that municipalities must satisfy to receive an expenditure restraint payment. It requires a municipality to limit the increase in its budget in the year prior to the aid payment to a percentage equal to the inflation factor, defined as the change in the consumer price index, plus 60% of the change in the municipality's equalized value due to new construction (the new construction factor cannot be less than 0% nor more than 2%). Last session, 2009 Wisconsin Act 28 established a floor for the inflation factor equal to not less than 3%. This provision would lower the floor to 0%. That is, the inflation factor could not be negative. This would first affect municipal budgets adopted for 2012.

[Bill Sections: 2195 and 9341(2)]

## Property Tax Credits

### 1. HOMESTEAD TAX CREDIT -- CURRENT LAW REESTIMATE

GPR	\$19,900,000
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**Governor:** Provide increases of \$7,400,000 in 2011-12 and \$12,500,000 in 2012-13 for the homestead tax credit sum sufficient appropriation to reflect anticipated costs of the current law credit in the biennium. The cost of the credit is projected to increase due primarily to the indexing of the credit formula factors, beginning in tax year 2010, as required under 2009 Act 28. The reestimated credit amounts also factor in projected changes in property taxes and household income in the biennium. With these adjustments, estimated total funding for the current law credit would increase from an adjusted base level of \$127,000,000 to \$134,400,000 in 2011-12 and \$139,500,000 in 2012-13.

### 2. HOMESTEAD TAX CREDIT -- REPEAL INDEXING OF FORMULA FACTORS

GPR	- \$8,100,000
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**Governor:** Decrease the cost of the homestead tax credit by \$2,000,000 in 2011-12 and \$6,100,000 in 2012-13 associated with repealing the annual indexing of the credit's formula factors, beginning with tax year 2011. Under current law, the income threshold (\$8,160 for 2011), the maximum income level (\$24,990 for 2011), and the maximum property taxes or rent

constituting property taxes (\$1,480 for 2011), are indexed annually, as required under 2009 Act 28. Under the bill, the formula factors would no longer be indexed for 2011 and thereafter. Instead, the factors would remain at the 2010 tax year amounts of \$8,060 for the income threshold, \$24,680 for the maximum income level, and \$1,460 for the maximum property taxes or rent constituting property taxes, with the reduction to eligible property taxes or rent constituting property taxes set at 8.785% of household income above \$8,060. Repealing the annual indexing adjustments to the credit formula factors would reduce the estimated cost of the credit from \$134,400,000 to \$132,400,000 in 2011-12 and from \$139,500,000 to \$133,400,000 in 2012-13.

[Bill Sections: 2124 thru 2128]

### 3. FIRST DOLLAR CREDIT

GPR	\$10,000,000
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**Governor:** Provide \$5,000,000 annually to provide full funding for the first dollar credit in the 2011-13 biennium. The 2009-11 biennial budget act (2009 Act 28) increased the statutory amount of the first dollar credit by \$5,000,000 annually, from \$145,000,000 to \$150,000,000, beginning with credits applied against property taxes levied in 2010, but payable in 2011. Because the payment of first dollar credits is made in July of each year, the payment of the 2011 credits (for 2010 property tax levies), will be made in 2011-12 and payment of the 2012 credits (for 2011 property tax levies) will be made in 2012-13. Consequently, the increase to the base level funding for the first dollar credit was not established under Act 28. Payments of the first dollar credit are provided from the same appropriation used to make the state's school levy tax credit payments.

### 4. PRE-2010 FARMLAND PRESERVATION CREDIT

GPR	\$600,000
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**Governor:** Provide increases of \$400,000 in 2011-12 and \$200,000 in 2012-13 for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium. Beginning with tax year 2010, 2009 Act 28 deleted the existing farmland preservation tax credit for most claimants and replaced the credit with a new, per acre, farmland preservation tax credit. However, landowners with an existing farmland preservation agreement can continue to file for the pre-2010 credit under that agreement. The cost of the credit is projected to be higher than the \$400,000 adjusted base level funding for the credit due to increases in the expected number of agreement holders and in the average credit for those who will file for the pre-2010 credit. As a result, the estimated funding for pre-2010 farmland preservation credit claims would total \$800,000 in 2011-12 and \$600,000 in 2012-13.

### 5. LOTTERY AND GAMING CREDIT REESTIMATE

SEG	\$434,700
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**Governor:** Provide a decrease of \$478,700 in 2011-12 and an increase of \$913,400 in 2012-13 to the sum sufficient appropriation to reflect estimates of lottery proceeds available for distribution. With these adjustments, estimated total funding would decrease from an adjusted

base level of \$117,957,000 to \$117,478,300 in 2011-12 and then increase to \$118,870,400 in 2012-13.

## **6. LOTTERY AND GAMING CREDIT; LATE APPLICATIONS**

SEG	- \$426,000
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**Governor:** Provide a decrease in funding of \$213,000 annually for the sum sufficient appropriation to reflect estimates of the amount of credits to be paid to persons who apply for the credit after tax bills have been issued. As a result, tax credit distributions for late applications would decrease from an adjusted base level of \$360,000 to \$147,000 annually.

# **Property Taxation**

## **1. LEVY LIMIT FOR COUNTIES AND MUNICIPALITIES**

**Governor:** Modify the levy limit program by: (a) changing the program's sunset from December, 2010, to December, 2012, so that the program extends to levies for 2011(12) and 2012(13); (b) changing the base year levy, which is used to calculate allowable levy increases, from the prior year's maximum allowable levy to the prior year's actual levy; and (c) changing the minimum allowable levy increase under the inflation factor from 3% to 0%. Require a county or municipality to decrease its allowable levy if its current year levy for debt service on debt issued before July 1, 2005, is less than its prior year levy for debt service on such debt, by an amount equal to the decrease. As modified, the levy limit for 2011(12) and 2012(13) would be structured as follows:

*Imposition.* Prohibit any political subdivision, defined as a city, village, town, or county, from increasing its base municipal or county tax levy by more than a percentage that exceeds the local government's valuation factor. Define the base levy as the local government's actual levy for the immediately preceding year. Define the valuation factor as the percentage equal to the greater of 0% or the percentage change in the local government's equalized value due to new construction, less improvements removed, as determined for January 1 equalized values in the year of the levy. [The prior law levy limit had a 3% floor for the allowable increase and based the limit on the maximum allowable levy for the prior year, rather than the actual levy.]

*Exclusions.* Exclude from the limitation any amounts levied: (a) as tax increments by a city, village, or town; (b) for the payment of any general obligation debt service on debt authorized on or after July 1, 2005, and secured by the full faith and credit of the city, village, town, or county; (c) for a county children with disabilities education board by a county; (d) for school purposes by a first class city; (e) for town bridge and culvert construction and repair by a county; (f) for payment by a county to an adjacent county for library services; (g) for a countywide emergency medical system by a county; (h) for any revenue shortfall for debt service on a revenue bond issued by a political subdivision; (i) for any revenue shortfall for debt



service on a revenue bond issued by a joint fire department if the joint fire department uses the bond proceeds to pay for a fire station, if the joint fire department assesses the political subdivision its share of the debt under an intergovernmental cooperation agreement, and if the political subdivision is responsible for the repayment of the debt, even though the debt was incurred by the joint fire department; (j) for the payment of debt service on appropriation bonds issued to fund a county or municipal employee retirement system liability by a county having a population of 500,000 or more or by a first class city; (k) for police protection services by a village in the year immediately after the village's incorporation, provided the village did not have a police force when it was a town; (l) for unreimbursed expenses related to a declared emergency, including any amount levied to replenish cash reserves used to pay those unreimbursed expenses, provided the amount is levied in the year the emergency occurred or in the next year; or (m) for fire charges assessed by a joint fire department that would cause the municipality to exceed its allowable levy, provided that the joint fire department's total charges increase relative to the prior year by a rate less than or equal to 2% plus the percentage change in the consumer price index and the governing body of each municipality served by the joint fire department adopts a resolution in favor of the municipality exceeding its limit. Define joint fire department, by way of cross-reference, as a joint fire department created by a village with a population of 5,000 or more with a city or town or with another village, by a city with another city, or by a municipality with another governmental unit or Indian tribe through an intergovernmental cooperation contract. [All of these exclusions were included under prior law.]

*Adjustments.* Specify that the levy limit shall be adjusted, as determined by the Department of Revenue (DOR), as follows: (a) if a municipality or county transfers to another governmental unit responsibility for providing any service that it provided in the preceding year, the levy increase limit otherwise applicable to the municipality or county is decreased to reflect the cost that the municipality or county would have incurred to provide the service; (b) if a municipality or county increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit, the levy increase limit otherwise applicable to the municipality or county is increased to reflect the cost of providing that service; (c) if a service has been provided in part of the county by the county and in part of the county by a separate governmental unit and the provision of the service is consolidated at the county level, the levy increase limit otherwise applicable to the county is increased to reflect the total cost of providing the service; (d) if a city or village annexes property from a town, the annexing municipality's levy increase limit is increased by an amount equal to the town levy on the annexed territory in the preceding year and the levy increase limit for the town from which the property was annexed is decreased by the same amount; (e) if two political subdivisions enter an intergovernmental cooperation agreement to jointly provide a service on a consolidated basis and if one subdivision agrees to increase its levy and the other subdivision agrees to decrease its levy by the same amount to achieve a more equitable distribution of payments for the service, then the levy increase limits for the two subdivisions are increased and decreased by the agreed amounts; (f) if the amount of a lease payment related to a lease revenue bond in the preceding year is less than the amount of the lease payment needed in the current year, as the result of the issuance of a lease revenue bond before July 1, 2005, the levy increase limit is increased by the difference between the two amounts; (g) if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, as the result of

the city, village, town, or county adopting a resolution before July 1, 2005, authorizing the issuance of debt, the levy increase limit is increased by the difference between the two amounts; and (h) if the amount of debt service in the preceding year on debt originally issued before July 1, 2005, is more than the amount of debt service needed in the current year for such debt, the levy increase limit is decreased by the difference between the two amounts. Specify that debt service includes debt service on debt issued or reissued to fund or refund outstanding obligations, interest on outstanding obligations, or the payment of related issuance costs or redemption premiums. Finally, provide an adjustment to the levy limit of a political subdivision if the subdivision contained a tax increment district for the immediately preceding year and DOR does not certify a value increment for the district in the current year because of the district's termination. Set the adjustment equal to the political subdivision's allowable levy for the preceding year multiplied by a percentage equal to half of the tax increment district's value increment in the previous year divided by the political subdivision's equalized value in the previous year. [The adjustment under (h) was not included under the prior law levy limit. All of the other adjustments were included under prior law.]

*Referendum.* Create a procedure under which a city, village, town, or county may exceed its levy increase limit if the local government's governing body adopts a resolution to that effect and the electors of the municipality or county approve the resolution in a referendum. Require the resolution and referendum to specify the proposed amount of the levy increase above the limit and whether the amount of the proposed increase is for a single year only or is ongoing. Authorize the local government to hold a special referendum, with regard to a referendum relating to the levy in an odd-numbered year. Require the local government to hold a referendum at the same time as the next spring primary or election or September primary or general election, with regard to a referendum relating to the levy in an even-numbered year. Require the referendum to be held in accordance with current law provisions enumerated in chapters 5 to 12 of the state statutes.

Require the referendum question to be submitted to the electors as follows: "Under state law, the increase in the levy of the .... (name of county or municipality) for the tax to be imposed for the next fiscal year, .... (year), is limited to ....%, which results in a levy of \$.... Shall the .... (name of the county or municipality) be allowed to exceed this limit and increase the levy for the next fiscal year, .... (year), by a total of ....%, which results in a levy of \$....?". Specify that a town with a population below 2,000 may exceed its levy increase limit if the annual town meeting or a special town meeting adopts a resolution to that effect and if the town board has adopted a resolution supporting the increase and placing the question on the meeting's agenda. Require the clerk of the municipality or county to publish notices regarding the referendum or town meeting prior to the time it is held and to certify the results of the referendum or town resolution to DOR within 14 days of the referendum or meeting. [The referendum and town meeting provisions are the same as those under the prior law levy limit.]

*Penalty.* Require DOR to reduce the county and municipal aid payment of any municipality or county that imposes a tax levy in excess of the amount allowed under these provisions. Establish the reduction as the amount equal to the excess tax levy, but exclude levies that exceed the allowable levy by less than \$500 from the penalty. Provide that the aid reduction be imposed in the year after the excess amount is levied, but specify that the amount of any

penalty exceeding a local government's succeeding aid payment be applied to aid payments in subsequent years until the total penalty is subtracted. Provide that any withheld state aid amounts be lapsed to the general fund. Authorize DOR to waive penalties if it determines that a penalized excess is caused by a clerical error. Define clerical error as a penalized excess caused by DOR, through mistake or inadvertence, assessing to a county or a municipality in the current or previous year a greater or lesser valuation than should have been assessed, or by a county or municipal clerk, through mistake or inadvertence, in preparing or delivering the tax roll. [The penalty provisions are the same as those under the prior law levy limit.]

*Sunset.* Provide that the levy limit would not apply to levies imposed after December, 2012.

[Bill Sections: 1722 thru 1725]

## **Local Government Services**

### **1. COMBINED MUNICIPAL PROTECTIVE SERVICES**

**Governor:** Specify that any second, third, or fourth class city, village, or town would be allowed to provide police and fire protection services in the following ways: (a) through a combined protective services department, which is neither a police or fire department, and in which the same person may be required to perform police and fire protection duties; or (b) with persons in a police or fire department who, alone, or in combination with persons designated as police officers or fire fighters, may be required to perform police and fire protection duties. Include a combined municipal protective services department in the lists of manners in which a town or a village can provide fire protection or law enforcement and under the provision for a town to establish a board of police and fire commissioners.

Under current law, villages have the authority to provide combined police and fire protection services in a similar manner if the department or arrangement for providing the services was created or established prior to January 1, 1987. The bill would delete this limitation and would modify the existing authority of a village to make it conform with the combined protective service authority being provided to cities and towns under the bill.

Specify that if a city creates a combined protective services department, the city would be required to create the office of chief of that department and abolish the offices of the chief of police and chief of the fire department. Provide that the chief of a city's combined protective services department is an officer of the city with the command of the combined protective services force, under the direction of the mayor. Specify that the city's combined protective services officers would possess the powers, enjoy the privileges, and be subject to the liabilities conferred and imposed by law upon constables. Provide that the city's chief of a combined protective services department would be in charge of all city jails, including that portion of any

jail which is used by the city in a joint city-county building. These provisions parallel those under current law for city police chiefs and officers.

Extend the current law requirement that city, village, or town police department staff cannot be required to perform nonemergency police protection duties for more than eight hours in each 24 hours to include the staff of a combined protective services department. Specify that the governing body of a city, village, or town that creates a combined protective services department or designates a person to perform both police and fire duties would be allowed to designate any person as primarily a police officer or fire fighter for the purposes of the following current law provisions:

a. *Police Rest Days.* The provision of rest days to police staff, defined as one full rest day of 24 consecutive hours during each 192 hours, except in cases of emergency, for fourth class cities, and two full rest days of 24 consecutive hours during each 192 hours, except in cases of emergency, for second and third class cities, villages, and towns.

b. *Fire Protection Rest Days.* For a fourth class city having a population of 5,000 or more, the provision of rest days for fire protection staff, defined as a period of 24 consecutive hours off duty during each 72 hours, except in cases of positive necessity by some sudden and serious fire, accident or other peril. Specify that these provisions would also apply to a person primarily designated a firefighter, but employed by a police department within a city, village, or town, as described under the combined protective services provisions of the bill.

c. *Hours of Labor.* For a second, third, or fourth class city, village, or town, the establishing of police hours of labor, defined as a working day of not more than eight hours in each 24 hour period, except in cases of emergency.

d. *Rules for Leaving City.* The establishment of rules, subject to governing body approval, which require fire fighters to obtain approval from the fire chief before leaving the municipality (this approval requirement would be extended to the police chief or combined protective services department chief, as it applies to fire fighters in a combined protective services department and to those designated as primarily acting as a firefighter).

Under current law, a town or village that has established a board of police or fire commissioners, or a joint board of police or fire commissioners, is subject to these same police rest day, hours of labor, and rules for leaving a city provisions.

Provide that if a combined protective services department is created, a city, village, or town board of police and fire commissioners would have the authority to appoint a chief of the department. In addition, the board of police and fire commissioners of a city, or a village, if approved at a village-wide referendum, would have the following authority relative to a combined protective services department: (a) to organize and supervise the department and to prescribe the rules and regulations for its control and management; (b) to contract for and purchase all necessary apparatus and supplies for the use of the department, exclusive of the erection and control of the combined services station buildings; and (c) to audit all bills, claims, and expenses of the department before they are paid by the municipal treasurer. Under current law, a police and fire commissioner board of a city, village, or town has the same authority

relative to a municipal police or fire department.

Under current law, a town or village board that has not created a board of police commissioners may not suspend, reduce, suspend and reduce, or remove the chief of police or other law enforcement officer who is not probationary, and who has no valid and enforceable collective bargaining contract that provides for a fair review prior to that suspension, reduction, suspension and reduction, or removal, unless certain conditions are met. A similar current law provision exists for cities of less than 4,000 in population. The bill would extend these provisions to a chief of the protective services department when a local government uses one of the combined protective services approaches allowed under the bill, but does not create a board of police and fire commissioners.

Extend the following current law provisions to include a combined protective services department:

- a. provisions that allow a city to abolish its police department if it enters into a contract with a county for the county sheriff to provide law enforcement in all parts of the city;
- b. the statements of legislative intent specifying that the enactment of laws governing police and fire departments is of statewide concern for purpose of providing uniform regulation of these departments;
- c. the provision that specifies that nothing relating to the construction of a joint county-city public safety building is construed as relieving, modifying, or interfering with the responsibilities for operating jails which are vested in sheriffs or chiefs of police;
- d. in the definition of "collective bargaining" under the municipal employment relations law;
- e. requirements related to notification of a law enforcement agency by persons repossessing a motor vehicle or collateral subject to a motor vehicle consumer lease;
- f. laws relating to the presumption of employment-connected heart or respiratory impairment or disease or cancer for firefighters or employment-connected infectious diseases for police officers and firefighters;
- g. laws relating to the harassment of police and fire animals;
- h. the use of the terms fire department, fire chief or chief of a fire department, firefighter, police department, police chief or chief of a police department, and police officers for the purposes of the rules for construction of the state statutes; and
- i. the term "protective occupation participant" for purposes of the Wisconsin Retirement System.

[Bill Sections: 1140, 1141, 1686 thru 1690, 1697 thru 1713, 1717, 1728, 2405, 3194, 3495 thru 3498, 3539, and 3562 thru 3567]

## **Other Credits**

Descriptions of the budget provisions related to the earned income tax credit, veterans and surviving spouses property tax credit, enterprise zone jobs tax credit, film production services credit, film production company investment credit, dairy manufacturing facility investment credits, beginning farmer and farm asset owner tax credit, food processing plant and food warehouse investment credit, claim of right credit, and cigarette and tobacco products tax refunds are provided under "General Fund Taxes."